WHITNEY INFORMATION NETWORK INC
Form 10-Q/A
June 02, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarter Ended March 31, 2003

Whitney Information Network, Inc.

(Exact name of registrant as specified in its charter)

Colorado	**0-27403**	**84-1475486**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1612 Cape Coral Parkway, Suite A, Cape Coral, Florida 33904
(Address of principal executive offices) (Zip Code)

Registrant s telephone number, including area code **(239) 542-8999**

(Former name or former address, if changed since last report)

4818 Coronado Parkway, Cape Coral, Florida 33904

Securities registered under Section 12 (b) of the Exchange Act:

NONE

Securities registered under Section 12 (g) of the Exchange Act:

COMMON STOCK

NO par value per share

(Title of Class)

Check whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for such shorter period that the Issuer was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

The Issuer had 8,102,874 and 8,096,624 common shares of common stock outstanding as of March 31, 2003 and December 31, 2002.

PART I

Item 1. Financial Statements

Whitney Information Network, Inc.

Consolidated Financial Statements

As of March 31, 2003 and December 31, 2002

And for the Three Months Ended March 31, 2003 and 2002

Table of Contents

WHITNEY INFORMATION NETWORK, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	March 31, 2003 (Unaudited)	December 31, 2002
Assets		
Current assets		
Cash and cash equivalents	$ 15,785,501	$ 12,080,553
Accounts receivable	635,752	507,919
Due from affiliates, net	119,896	4,089
Prepaid advertising and other	1,099,349	696,441
Inventory	296,820	363,555
Deferred tax asset	1,112,000	
Deferred seminar expenses	3,993,177	2,907,414
Total current assets	23,042,495	16,559,971
Other assets		
Property and equipment, net	8,239,646	8,406,370
Intangible assets, net	1,000,926	989,061
Investment in foreign corporation	184,757	184,757
Other assets		27,128
Total other assets	9,425,329	9,607,316
Total assets	$ 32,467,824	$ 26,167,287
Liabilities and Stockholders Deficit		
Current liabilities		
Accounts payable	$ 3,276,677	$ 1,762,614
Accrued seminar expenses	526,687	63,622
Deferred revenue	30,419,038	24,549,429
Accrued expenses	1,010,063	1,125,662
Current portion of long-term debt	78,049	103,051
Current portion of note payable-officer/stockholder	43,212	59,054
Total current liabilities	35,353,726	27,663,432
Long-term debt, less current portion	1,606,408	1,606,410
Total liabilities	36,960,134	29,269,842
Stockholders deficit		
Common stock, no par value, 25,000,000 shares authorized, 8,102,874 and 8,096,624 shares issued and outstanding	961,456	939,832
Paid-in capital	448,600	448,600
Accumulated deficit	(5,902,366)	(4,490,987)
Total stockholders deficit	(4,492,310)	(3,102,555)

Total liabilities and stockholders deficit	$	32,467,824	$	26,167,287

See notes to consolidated financial statements.

WHITNEY INFORMATION NETWORK, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

	For the Three Months Ended March 31, 2003 (Unaudited)	2002 (Unaudited)
Sales	$ 13,303,839	$ 15,453,018
Expenses		
Direct course expenses	7,574,372	6,148,203
Advertising and sales expense	4,540,615	3,074,267
General and administrative expense	3,836,939	2,951,493
Total expenses	15,951,926	2,173,963
Income (loss) from operations	(2,648,087)	3,279,055
Other income (expense)		
Interest and other income	146,918	103,593
Interest expense	(22,210)	(11,607)
Income (loss) before income taxes	(2,523,379)	3,371,041
Income tax benefit	1,112,000	
Net income (loss)	$ (1,411,379)	$ 3,371,041
Basic income (loss) per share	$ (.17)	$ .43
Weighted average shares outstanding	8,099,152	7,878,023
Diluted income (loss) per common share	$ (.17)	$ .43
Diluted weighted average common shares outstanding	8,099,152	7,878,023

See notes to consolidated financial statements.

WHITNEY INFORMATION NETWORK, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the Three Months Ended March 31,	
	2003	**2002**
	(Unaudited)	**(Unaudited)**
Cash flows from operating activities		
Net income (loss)	$ (1,411,379)	$ 3,371,041
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	232,172	92,129
Deferred tax asset	(1,112,000)	
Changes in assets and liabilities		
Accounts receivable	(127,833)	143,423
Prepaid advertising and other	(402,908)	168,346
Income taxes receivable and prepayments		326,500
Inventory	66,735	(420)
Deferred seminar expenses	(1,085,763)	585,830
Other assets	27,128	(2,191)
Accounts payable	1,514,063	168,080
Accrued seminar expense	463,065	43,849
Deferred revenue	5,869,609	(526,454)
Accrued expenses	(115,599)	633,323
	5,328,669	1,632,415
Net cash provided by operating activities	3,917,290	5,003,456
Cash flows from investing activities		
Note receivable		(100,000)
Purchases of property and equipment	(67,313)	(180,265)
Loans to affiliates, net	(115,807)	(85,962)
Net cash used in investing activities	(183,120)	(366,227)
Cash flows from financing activities		
Principal payments on note payable - officer/stockholder	(15,842)	
Payments of principal on long-term debt	(25,004)	(39,282)
Proceeds from exercise of stock options	11,624	
Net cash used in financing activities	(29,222)	(39,282)
Net increase in cash and cash equivalents	3,704,948	4,597,947
Cash and cash equivalents, beginning of period	12,080,553	6,889,275

Cash and cash equivalents, end of period	$	15,785,501	$	11,487,222

Supplemental cash flow information:
Cash paid for interest was $22,210 and $11,600 for the three months ended March 31, 2003 and 2002, respectively.

Supplemental disclosure of non-cash activity:
During 2003, the Company issued 2,500 shares of common stock, valued at $10,000, in exchange for assets the Company recorded as intangible assets.

See notes to consolidated financial statements.

WHITNEY INFORMATION NETWORK, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Significant Accounting Policies

The accompanying consolidated financial statements are unaudited and reflect all adjustments (consisting only of normal recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The consolidated financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission April 15, 2003, which includes audited financial statements for the years ended December 31, 2002 and 2001. The results of operations for the three months ended March 31, 2003, may not beindicative of the results of operations for the year ended December 31, 2003.

Recently Issued Accounting Pronouncements

In December 2002, the FASB issued SFAS No. 148 Accounting for Stock-Based Compensation- Transition and Disclosure . This statement amends SFAS No. 123, Accounting for Stock-Based Compensation to provide alternative methods of transition for an entity that voluntarily changes to the fair value method of accounting for stock-based compensation. In addition, SFAS 148 amends the disclosure provision of SFAS 123 to require more prominent disclosure about the effects of an entity s accounting policy decisions with respect to stock-based employee compensation on reported net income. The effective date for this Statement is for fiscal years ended after December 15, 2002.

The adoption of this statement did not have a material effect on the consolidated financial statements as the Company continues to account for stock based compensation under the intrinsic value approach, and follows the pro-forma disclosure requirements of SFAS 123, as amended by SFAS 148.

Note 2 - Related Party Transactions

The Company has rented its headquarters location in Cape Coral, Florida, since 1992 from the Chairman of the Board and pays rent on annual leases. Rentals under the related party lease were $15,148 and $18,462 for the three months ended March 31, 2003 and 2002, respectively. The Company leases approximately 8,700 square feet presently.

MRS Equity Corp. provides certain products and services for Whitney Information Network, Inc. and Whitney Information Network, Inc. provides MRS Equity Corp. with payroll services including leased employees. Whitney Information Network, Inc. provided payroll services to MRS Equity Corp. in the amounts of $59,570 and $29,381 for the three months ended March 31, 2003 and 2002, respectively. MRS Equity Corp. provided Whitney Information Network, Inc. with

$164,400 and $136,650 for product costs for the three months ended March 31, 2003 and 2002, respectively. MRS Equity Corp. is a 100 percent subsidiary of Equity Corp. Holdings, Inc. of which the Chairman of the Board of Whitney Information Network, Inc. owned a controlling interest prior to June 2002. In June 2002, an officer of the Company purchased the Chairman of the Board s controlling interest to become the sole controlling interest in MRS Equity Corp.

During 2003 and 2002, Whitney Information Network made payments of $31,375 and $49,999, respectively, for registration fees and commissions to Whitney Leadership Group, Inc. The Chairman of the Board of Whitney Information Network, Inc. is the President and Chief Operating Officer of Whitney Leadership Group, Inc.

Until January 2003, Corporation Company of Nevada, Inc. provided to us trainers for some of our asset protection courses along with formation services for which the Company was billed for. Formation services involved Corporation Company forming legal entities such as corporations and limited liability companies for use by our students. The students used these entities to operate their business in a corporate, partnership, or trust form. Mr. Whitney and Mr. Simon were directors of that company until the fourth quarter of 2001.

RAW, Inc. is a company owned by the Chairman of the Board of Whitney Information Network, Inc., which buys, sells and invests in real property.

Those items above that are reasonably expected to be collected within one year are shown as current and those that are not expected to be collected during thenext year are shown as non-current.

The following balances are due from related parties:

	March 31, 2003 (Unaudited)	December 31, 2002
Due from Whitney Leadership Group	$ 68,641	$ 0
Due from RAW, Inc.	4,089	4,089
Due from MRS Equity Corp	47,166	
	$ 119,896	$ 4,089

In February 2003, the Company entered into an agreement with one of its officers to purchase all of the outstanding shares of Equity Corp. Holdings, Inc. which owns MRS Equity Corp. The purchase price was $250,000. In addition, the Company also assumed a $4,750,000 note payable due to the Company s Chairman of theBoard and majority shareholder. This liability arose from the officers redemption of 90% ownership of Equity Corp. Holdings, Inc. of the Chairman of the Board and majority shareholder in June 2002.

In February 2003, the Company entered into an agreement with the Company s Chairman of the Board and majority shareholder to purchase all of the outstanding shares of Whitney Leadership Group, Inc. The purchase price for this transaction was $1,200,000.

The Company expects these transactions to close in May 2003. Both agreements are subject to a number of contingencies, including due diligence and a fairness opinion acceptable to the Company s legal counsel.

Note 3 - Commitments and Contingencies

Litigation

The Company is not involved in any material asserted or unasserted claims and actions arising out of the normal course of its business that in the opinion of the Company, based upon knowledge of facts and advice of counsel, will result in a material adverse effect on the Company s financial position.

Other

The Company carries liability insurance coverage, which it considers sufficient to meet regulatory and consumer requirements and to protect the Company s employees, assets and operations.

The Company, in the ordinary course of conducting its business, is subject to various state and federal requirements. In the opinion of management, the Company is in compliance with these requirements.

Note 4 - Income Taxes

As of March 31, 2003 and December 31, 2002, the Company has net operating loss (NOL) carryforwards for tax purposes of approximately $7,175,000 and $3,600,000,respectively, which expire in the years 2003 through 2022.

Deferred tax liabilities and assets are determined based on the difference between the financial statement assets and liabilities and tax basis assets and liabilities using the tax rates in effect for the year in which the differences occur. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that based on available evidence, are not expected to be realized.

The accompanying balance sheets include the following:

		March 31, 2003 (Unaudited)		December 31, 2002
Deferred tax asset from NOL carry forward	$	2,677,000	$	1,301,000
Deferred tax liability from deferred expense/revenue recognition		(1,565,000)		(1,142,000)
Total deferred tax asset		1,112,000		159,000
Valuation allowance for deferred tax asset				(159,000)
Net deferred tax asset	$	1,112,000	$	

Note 5 - Stockholders Equity and Transactions

Stock Based Compensation Plans

The Company s stock option plans provide for the granting of stock options to key employees. Under the terms and conditions of the plans, any time between the grant date and two years of service, the employee may purchase up to 25% of the option shares. After three years of continuous service, the employee may purchase all remaining option shares. All options expire ten years from the date of the grant.

The following table presents the activity for options outstanding:

	Options Related To A Plan		Weighted Average Exercise Price
Outstanding - December 31, 2000	1,093,650	$	1.94
Granted	10,000	$	1.70
Forfeited/canceled	(181,850)	$	(1.94)
Outstanding - December 31, 2001	921,800	$	1.94
Granted	651,750	$	1.81
Forfeited/canceled	(141,000)	$	(1.98)
Exercised	(26,375)	$	(2.13)
Outstanding - December 31, 2002	1,406,175	$	1.93
Granted	152,500	$	3.70
Forfeited/canceled	(30,000)	$	(2.29)
Exercised	(3,750)	$	(3.10)
Outstanding - March 31, 2003	1,524,925	$	2.11

The following table presents the composition of options outstanding and exercisable:

Range of Exercise Prices		Number of Options Outstanding	Number of Options Exercisable		Price*	Life*
$	1.70	10,000	2,500	$	1.70	8.49
$	1.75	45,000	11,250	$	1.75	7.10
$	1.81	330,225	82,556	$	1.81	9.00
$	1.88	288,800	288,800	$	1.88	6.43
$	2.00	683,400	323,475	$	2.00	7.12
$	3.10	15,000	3,750	$	3.10	9.43
$	3.70	152,500	38,125	$	3.70	9.92
$	1.70 to $3.70	1,524,925	750,456		2.11	7.70

*Price and Life reflect the weighted average exercise price and weighted average remaining contractual life, respectively.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation. Accordingly, no compensation cost has been recognized for the stock option plans. Had compensation cost for the Company s option plan been determined based on the fair value at the grant date for awards consistent with the provisions of SFAS No. 123, the Company s net income (loss) and basic income (loss) per common share would have been changed to the pro forma amounts indicated below:

	For the Three Months Ended March 31,			
		2003		2002
Net income (loss) - as reported	$	(1,411,379)	$	3,371,041
Net income (loss) - pro forma	$	(1,742,617)	$	3,371,041
Basic income (loss) per common share - as reported	$	(.17)	$	0.43
Basic income (loss) per common share - pro forma	$	(.22)	$	0.43

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used:

	For the Periods Ended March 31,		
	2003		2002
Approximate risk free rate	3.83%		5.42%
Average expected life	10 years		10 years
Dividend yield	0%		0%
Volatility	41.93%		89.14%
Estimated fair value of total options granted	331,238	$	0

Note 7 - Business Segment Information

The Company and its subsidiaries operate primarily in only one business segment. The Company s revenues are generated through the sale of real estate seminars, programs and products. Only approximately 2.3% of the Company s revenues aregenerated relating to investment trading related programs and products. The Company and each of its subsidiaries either directly participate in the real estate market or provide services to one of the subsidiaries.

The Company does maintain operations in foreign countries outside the United States. The following provides both revenues and long-lived asset values by location for the period ending March 31, 2003.

	For the Period Ended March 31, 2003	
Location	**Revenues**	**Long-Lived Assets**
United States	$ 10,592,087	$ 8,340,821
Canada	907,388	17,316
United Kingdom	1,804,364	70,970
Costa Rica		811,465
	$ 13,303,839	$ 9,240,572

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Forward-Looking Statements

Certain information included in this report contains forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995 (Reform Act). Such statements are based on current expectations and involve a number of known and unknown risks and uncertainties that could cause the actual results and performance of the Company to differ materially from any expected future results or performance, expressed or implied, by the forward-looking statements. In connection with the safe harbor provisions of the reform act, the Company has identified important factors that could cause actual results to differ materially from such expectations, including operations uncertainty, acquisition uncertainty, uncertainties relating to economic and political conditions and uncertainties regarding the impact of regulations, changes in government policy and competition. Reference is made to all of the Company s SEC filings, including the Company s Report on Form 10SB, incorporated herein by reference, for a description of certain risk factors. The Company assumes no responsibility to update forward-looking information.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2003 Compared to March 31, 2002

Revenue

Total revenue for the three months ended March 31, 2003 was $13,303,839, a decrease of $2,149,170 or 13.9% compared to the same period in 2002 of $15,453,018. Recognized revenue from deferred revenue was $5,254,138 for the three months ended March 31, 2003 compared to $10,250,301 for the comparable period in 2002. Of these amounts, $449,225 and $7,500,866, respectively, was recognized due to the expiration of the student s contract period. The decrease in revenue is due to the decrease in the advanced courses attended by students in the period compared to the previous period. During the first three months of 2003, there were 1,855 attendees of advanced courses compared to 1,172 attendees of advanced courses for the same period in 2002. The levels of registrations and attendance in all other courses offered by us remained relatively constant.Despite an overall increase in new student registrations of advanced courses during this period, attendance and earned revenue were reduced due to travel concerns by our students, heightened by the war in Iraq. We believe that the first quarter of 2003 is not a trend and expect revenue to return to the levels of growth that have been experienced in the previous periods. This belief is illustrated in the approximately $6,000,000 increase in deferred revenue in 2003 that will ultimately become revenue that was not present in the previous period.We expect to continue to grow our operations and student base in the future bothdomestically and internationally. We expect to grow domestically through the development of our Teach Me To Trade segment using our same real estate business model. We expect to grow internationally by continuing to establish our Whitney UK subsidiary and looking for opportunities to enter new international markets.We will incur significant course and advertising expenses to establish these new markets, but expect to generate the student base to support these costs andallow these markets to be profitable in the long-term.

Direct Course Expenses

There are two components of costs included in direct course expenses. The first component is variable and is consistent with the costs associated with revenue received. These costs include instructor fees, facility costs, and travel expenses. The second component relates to the costs associated with the initial free course that is provided. The introductory course is offered to provide information to the student about our products and services. There is no revenue associated with the initial course. The revenue that is generated relates to future courses that are purchased and attended at a later date. The costs relating to these initial courses then have a significant impact on the relationship between revenue and costs. In periods in which there is a significant amount of new initial courses, as compared to advanced courses, the percentage relationship between direct course expenses and revenue increases. In periods in which there are more advanced courses, as compared to initial courses, the percentage relationship between direct course expenses and revenue decreases. The only expenses that are deferred until the related revenue is realized is the related commissions paid.

Direct course expenses increased for the first quarter of 2003 to $7,574,372, an increase of $1,426,169 or 23.2% over the prior comparable period in 2002 of $6,148,203. This increase is consistent with the increase in the amount of all types of courses that were held during the three months ended March 31, 2003 of 360 compared to 329 in the comparable prior period and is also due to the increase in initial courses offered to 82 courses for the three months ended March 31, 2003 compared to 60 courses for the comparable prior period.

Advertising, Selling and General and Administrative Expenses and Sales Expenses

Advertising and sales expenses, of which advertising represented approximately 60% of these expenses for the three months ended March 31, 2003, was $4,540,615, an increase of $1,466,348 or 47.7% compared to the same period in 2002. The increase in advertising and sales expenses is due to an increase in media buysdue to the expansion in the number of events being held by the Teach Me To Tradedivision, and by the increased events in the United Kingdom. Also, advertising and sales expenses increased due to recognizing those expenses that gave rise to the deferred revenues this period while conversely, we were not able to recognize those revenues which were deferred to future periods under generally accepted accounting principles.

General and administrative expenses consist primarily of payroll related expenses, insurance, office and facility expenses, and depreciation expense. General and administrative expenses increased to $3,836,939, an increase of $885,446, or 30% over the comparable period in 2002 of $2,951,493. This increase is due primarily to our hiring 64 new employees, net of terminations, to handle the increase in our volume, which was offset partially by a $250,000 decrease in merchant fee expense for the use of credit cards due to a change of banks.Additionally, management bonuses increased in the first quarter of 2003, approximating $650,000. The bonus paid was discretionary, not based on performance criteria, and will not be credited against future bonuses.

Net Income

Net Loss for the three months ended March 31, 2003 was $1,411,379 as compared with a net income of $3,371,041 for the three months ending March 31, 2002, a decrease of $4,782,420 or 141.9% or a per share net loss of $.17

F-10

per share as compared to net income of $.43 per share for the prior period. The decrease is directly attributable to the increase in deferred revenues in 2003 over the prior period, the decrease in the amount of revenue recognized due to expirations, increased general and administrative expenses and a proportionate increase in advertising expenses.

Liquidity and Capital Resources at March 31, 2003

Our capital requirements consist primarily of working capital, capital expenditures and acquisitions. Historically, we have funded our working capital and capital expenditures using cash and cash equivalents on hand. Cash increased by $3,704,948 to $15,785,501 at March 31, 2003, compared to an increase of $4,597,947 in the previous comparable period in 2002. The decrease in the increase in cash for the three months ended March 31, 2003 compared to March 31, 2002 is primarily due to a $5,894,420 decrease in before tax income, which was offset by a $6,396,063 and $1,671,593 increase in the deferred revenue and deferred expenses balances, respectively.

Our cash provided by operating activities was $3.92 million and $5.0 million for the three months ended March 31, 2003 and 2002, respectively. In the first quarter 2002, cash flows from advanced training programs were positively impacted by increased collection efforts by our sales associates accompanying the instructors and trainers at the training locations.

Our cash used in investing activities was $183,120 and $366,227 for the three months ended March 31, 2003 and 2002, respectively. Our investing activities for the three months ended March 31, 2003 and 2002 were primarily attributable to the purchase of office property and equipment, $67,313 compared to $180,265, and related party transactions, $115,807 compared to $85,962. In 2003, the Company has an outstanding receivable from Whitney Leadership Group of $68,641 and a receivable from MRS Equity of $47,166 from payroll services provided of $59,570.

At March 31, 2003 we had unused amounts under letters of credit to secure merchant accounts and certain state bonding requirements aggregating $1,500,000. These letters of credit expire in January 2005 and October 2005 and carry an interest rate of 2.98% and 3.68%, respectively.

Historically, the Company has been able to fund all of its operations from existing working capital. The Company intends to continue to use working capital for operating purposes. From time to time, we evaluate potential acquisitions of business products or technologies that complement our business. To the extent that resources are insufficient to fund future activities, we may need to raise additional funds. However, there can be no assurance that additional funding, if needed, will be available. If adequate funds are not available on acceptable terms, we may be unable to expand our business, develop or enhance our products and services, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, operating results and financial condition.

We believe our cash resources are more than sufficient to fund our operation and growth plans for the next 12 months.

F-11

The following reflects our commitments for capital expenditures, debt and other commitments.

	Capital Expenditures	Debt(1)	Operating Lease Commitments	Total
2003		$ 1,121,261	$ 82,995	$ 1,204,256
2004		1,348,571	89,952	1,438,523
2005		902,341	88,547	990,888
2006		906,405	73,359	979,764
2007		610,784		610,784
Thereafter		2,488,307		2,488,307
Total		$ 7,377,669	$ 334,853	7,712,522

(1) Includes the debt associated with our purchase of two related companies, Equity Corp. Holdings, Inc and Whitney Leadership Group, Inc. The purchase price of Whitney Leadership was $1,200,000 paid to our Chairman and his wife, payable $300,000 in cash at closing and a $900,000 promissory note payable in semiannual installments beginning in February 2004 through February 2006 bearing an interest rate of 7%. The purchase price of Equity Corp. Holdings was $250,000 paid to our Vice President Marketing, payable $62,500 in cash at closing, 62,500 shares of common stock, and a promissory note of $62,500 due in February 2004 bearing an interest rate of 7%. The Equity Corp. Holdings transaction additionally provides for the assumption of a $4,750,000 promissory note due to our Chairman due $1,000,000 in July 2003 and 2004 and ten installments of $275,000 payable in January and July beginning in 2005 through 2009 at an interest rate of 7%. We expect to be able to satisfy these commitments by using cash on hand and cash provided by operations. We do not expect these transactions to have a significant impact on our financial results due to the fact that the products were purchased from these entities at cost and these entities have insignificant operations with nonaffiliates.

Item 4. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, such officers have concluded that, as of March 31, 2003, our disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to our Company (including our consolidated subsidiaries) required to be included in our reports filed or submitted under the Exchange Act.

During the period covered by this report, there have not been any changes in our internal controls that have materially affected or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

The Company is not a party defendant in any material pending or threatened litigation and to its knowledge, no action, suit or proceedings has been threatened against its officers and its directors.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The rights of the holders of the Company s securities have not been modified nor have the rights evidenced by the securities been limited or qualified by the issuance or modification of any other class of securities.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There are no senior securities issued by the Company.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

No matter was submitted during the three months ended March 31, 2003 to a vote of security holders, through the solicitation of proxies or otherwise.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a)

Exhibit No.	**Description**
10.1*	Stock Purchase Agreement for the Whitney Information Network, Inc. s purchase of Whitney Leadership Group, Inc.
10.2*	Stock Purchase Agreement for the Whitney Information Network, Inc. s purchase of Equitycorp Holdings, Inc.
31.1	Certification of Periodic Report - Chief Executive Officer

31.2	Certification of Periodic Report - Chief Financial Officer
32.1	Certification of Periodic Report - Chief Executive Officer
32.2	Certification of Periodic Report - Chief Financial Officer

---

* Incorporated by reference to the Registrant's Registration on Form 10K dated May 15, 2003

(b) Reports on Form 8-K

No reports were filed on Form 8-K during the quarter ended March 31, 2003

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WHITNEY INFORMATION NETWORK, INC.

Dated: June 2, 2004

By: /s/ Russell A. Whitney
Russell A. Whitney
President

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/Russell A. Whitney Russell A. Whitney	President/Director/Chairman/ Chief Executive Officer	June 2, 2004
/s/Richard S. Simon Richard S. Simon	Secretary/Treasurer/Chief Financial Officer/ Principal Accounting Officer and Director	June 2, 2004